

ORIGINAL



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Financial Data

SBC Communications Inc.

Consolidated Balance Sheets

Dollars in millions except per share amounts

6/30/2004

12/31/2003

Unaudited

Assets

Current Assets

Cash and cash equivalents	\$ 11,586	\$ 4,806
Accounts receivable - net of allowances for uncollectibles of \$974 and \$914	5,564	6,178
Short-term investments	346	378
Prepaid expenses	783	760
Deferred income taxes	575	712
Other current assets	1,103	1,134
Total current assets	19,957	13,968
Property, plant and equipment - at cost	134,943	133,923
Less: accumulated depreciation and amortization	84,387	81,795
Property, Plant and Equipment - Net	50,556	52,128
Goodwill- Net	1,625	1,611
Investments in Equity Affiliates	2,074	6,947
Investments in and Advances to Cingular Wireless	11,351	11,003
Other Assets	14,859	14,509
Total Assets	\$ 100,422	\$ 100,166

Liabilities and Shareowners' Equity

Current Liabilities

Debt maturing within one year	\$ 2,460	\$ 1,879
Accounts payable and accrued liabilities	9,386	10,870
Accrued taxes	907	478
Dividends payable	1,035	1,033
Total current liabilities	13,788	14,260
Long-Term Debt	15,162	16,060

Deferred Credits and Other Noncurrent Liabilities

Deferred income taxes	15,681	15,079
Postemployment benefit obligation	12,663	12,692
Unamortized investment tax credits	205	220
Other noncurrent liabilities	3,643	3,607
Total deferred credits and other noncurrent liabilities	32,192	31,598

Shareowners' Equity

Common shares issued (\$1 par value)	3,433	3,433
Capital in excess of par value	12,941	13,010
Retained earnings	28,670	27,635
Treasury shares (at cost)	(4,390)	(4,698)
Additional minimum pension liability adjustment	(1,132)	(1,132)
Accumulated other comprehensive income	(242)	-
Total shareowners' equity	39,280	38,248
Total Liabilities and Shareowners' Equity	\$ 100,422	\$ 100,166

AZ CORPORATION
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Financial Data

SBC Communications Inc.

Consolidated Statements of Income

Dollars in millions except per share amounts

Unaudited

	Three Months Ended			Six Months Ended		
	6/30/04	6/30/03	% Chg	6/30/04	6/30/03	% Chg
Operating Revenues						
Voice	\$ 5,225	\$ 5,579	-6.3%	\$ 10,457	\$ 11,330	-7.7%
Data	2,727	2,491	9.5%	5,374	4,970	8.1%
Long-distance voice	815	612	33.2%	1,564	1,190	31.4%
Directory advertising	1,055	1,080	-2.3%	2,115	2,156	-1.9%
Other	492	474	3.8%	932	965	-3.4%
Total Operating Revenues	10,314	10,236	0.8%	20,442	20,611	-0.8%
Operating Expenses						
Cost of sales (exclusive of depreciation and amortization shown separately below)	4,305	4,067	5.9%	8,543	8,150	4.8%
Selling, general and administrative	2,627	2,442	7.6%	5,035	4,840	4.0%
Depreciation and amortization	1,888	1,977	-4.5%	3,811	3,973	-4.1%
Total Operating Expenses	8,820	8,486	3.9%	17,389	16,963	2.5%
Operating Income	1,494	1,750	-14.6%	3,053	3,648	-16.3%
Interest Expense	236	376	-37.2%	467	693	-32.6%
Interest Income	120	143	-16.1%	236	279	-15.4%
Equity in Net Income of Affiliates	369	471	-21.7%	961	836	15.0%
Other Income (Expense) - Net	(44)	84	-	817	1,665	-50.9%
Income Before Income Taxes	1,703	2,072	-17.8%	4,600	5,735	-19.8%
Income Taxes	535	684	-21.8%	1,495	1,892	-21.0%
Income Before Cumulative Effect of Accounting Changes	1,168	1,388	-15.9%	3,105	3,843	-19.2%
Cumulative Effect of Accounting Changes, net of tax	-	-	-	-	2,541	-
Net Income	\$ 1,168	\$ 1,388	-15.9%	\$ 3,105	\$ 6,384	-51.4%

Basic Earnings Per Share:

Income Before Cumulative Effect of Accounting Changes	\$ 0.35	\$ 0.42	-16.7%	\$ 0.94	\$ 1.16	-19.0%
Net Income	\$ 0.35	\$ 0.42	-16.7%	\$ 0.94	\$ 1.92	-51.0%
Weighted Average Common Shares Outstanding (000,000)	3,312	3,323	-0.3%	3,310	3,321	-0.3%

Diluted Earnings Per Share:

Income Before Cumulative Effect of Accounting Changes	\$ 0.35	\$ 0.42	-16.7%	\$ 0.94	\$ 1.15	-18.3%
Net Income	\$ 0.35	\$ 0.42	-16.7%	\$ 0.94	\$ 1.92	-51.0%
Weighted Average Common Shares Outstanding with Dilution (000,000)	3,323	3,334	-0.3%	3,323	3,334	-0.3%